

1 _____ BILL NO. _____

2 INTRODUCED BY _____
3 (Primary Sponsor)

4 A BILL FOR AN ACT ENTITLED: "AN ACT FUNDING THE MONTANA COMMUNITY HERITAGE GRANT
5 PROGRAM ESTABLISHED IN [LC 169] BY INCREASING THE LODGING FACILITY USE TAX TO 5 PERCENT
6 FROM 4 PERCENT; PROVIDING THAT THE REVENUE FROM THE INCREASE IS USED FOR FUNDING
7 HISTORICAL PURPOSES SUCH AS THE MONTANA HERITAGE PRESERVATION AND DEVELOPMENT
8 COMMISSION, LEWIS AND CLARK BICENTENNIAL COMMISSION, MONTANA HISTORICAL SOCIETY,
9 STATE HISTORICAL SITES, MAIN STREET PROGRAM, AND COMMUNITY HERITAGE GRANTS;
10 REALLOCATING THE DISTRIBUTION OF THE LODGING FACILITY USE TAX; PROVIDING AN INCOME AND
11 CORPORATE TAX CREDIT EQUAL TO 20 PERCENT OF THE AMOUNT OF LODGING FACILITY USE TAX
12 PAID BY A TAXPAYER; PROVIDING FOR THE FORMAL ESTABLISHMENT OF THE MAIN STREET
13 PROGRAM IN THE DEPARTMENT OF COMMERCE; AMENDING SECTIONS 15-65-111 AND 15-65-121,
14 MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

15

16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

17

18 **Section 1.** Section 15-65-111, MCA, is amended to read:

19 **"15-65-111. Tax rate.** (1) There is imposed on the user of a facility a tax at a rate equal to ~~4%~~
20 5% of the accommodation charge collected by the facility.

21 (2) Accommodation charges do not include charges for rooms used for purposes other than
22 lodging."

23

24 **Section 2.** Section 15-65-121, MCA, is amended to read:

25 **"15-65-121. (Temporary) Distribution of tax proceeds.** (1) The proceeds of the tax imposed by
26 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account in the state
27 special revenue fund to the credit of the department. The department may spend from that account in
28 accordance with an expenditure appropriation by the legislature based on an estimate of the costs of
29 collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax proceeds in
30 accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through ~~(1)(e)~~ (1)(m)

1 of this section, the department shall determine the expenditures by state agencies for in-state lodging for
 2 each reporting period and deduct ~~4%~~ 5% of that amount from the tax proceeds received each reporting
 3 period. The amount deducted must be deposited in the fund or funds from which in-state lodging
 4 expenditures were paid by state agencies. The amount of \$400,000 each year must be deposited in the
 5 Montana heritage preservation and development account provided for in 22-3-1004. ~~On July 1, 1997, the~~
 6 ~~amount of \$45,000 is transferred to the department of commerce for purposes of a grant to the Fort Peck~~
 7 ~~interpretive center.~~ The balance of the tax proceeds received each reporting period and not deducted
 8 pursuant to the expenditure appropriation or deposited in the fund or funds from which in-state lodging
 9 expenditures were paid by state agencies or in the Montana heritage preservation and development
 10 account is statutorily appropriated, as provided in 17-7-502, and must be transferred to an account in the
 11 state special revenue fund to the credit of the ~~department of commerce for tourism promotion and~~
 12 ~~promotion of the state as a location for the production of motion pictures and television commercials, to~~
 13 ~~the Montana historical society, to the university system, and to the department of fish, wildlife, and parks,~~
 14 departments and programs as follows:

15 (a) ~~4%~~ 0.8% to the Montana historical society to be used for the installation or maintenance of
 16 roadside historical signs and historic sites;

17 (b) ~~2.5%~~ 2% to the university system for the establishment and maintenance of a Montana travel
 18 research program;

19 (c) ~~6.5%~~ 5.2% to the department of fish, wildlife, and parks for the maintenance of facilities in
 20 state parks that have both resident and nonresident use;

21 (d) ~~67.5%~~ 54% to be used directly by the department of commerce for tourism promotion and
 22 development and promotion of the state as a location for the production of motion pictures and television
 23 commercials; and

24 (e) 3.6% to the Montana heritage preservation and development account established in
 25 22-3-1004;

26 (f) 0.8% for maintenance and upkeep of the Moss mansion, Daly mansion, and original governor's
 27 mansion;

28 (g) (i) until December 31, 2007:

29 (A) 1.4% to the Lewis and Clark bicentennial account established in 2-15-150(4) for the
 30 operations of the commission;

1 (B) 3.2% to the Lewis and Clark bicentennial account established in 2-15-150(4) for community
 2 grants;

3 (ii) after December 31, 2007, 4.6% to be distributed proportionately to the agencies or programs
 4 specified in subsections (1)(e) through (1)(l);

5 (h) 1% to the department of fish, wildlife, and parks for maintenance and development of state
 6 historical sites designated under 23-1-102;

7 (i) 1.4% to the Montana historical society for general operations;

8 (j) 0.8% to the Montana historical society for professional consultation and community assistance;

9 (k) 2.2% to the department of commerce for the main street program and tourism advisory council
 10 planning;

11 (l) 5.6% to the community heritage grant program account for community heritage grants as
 12 provided in [LC 169]; and

13 ~~(e)(m)~~ (i) except as provided in subsection ~~(1)(e)(ii)~~ (1)(m)(ii), ~~22.5%~~ 18% to be distributed by
 14 the department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each
 15 tourism region to the total proceeds collected statewide; and

16 (ii) if ~~22.5%~~ 18% of the proceeds collected annually within the limits of a city or consolidated
 17 city-county exceeds ~~\$35,000~~ \$43,750, 50% of the amount available for distribution to the regional
 18 nonprofit tourism corporation in the region where the city or consolidated city-county is located, to be
 19 distributed to the nonprofit convention and visitors bureau in that city or consolidated city-county.

20 (2) If a city or consolidated city-county qualifies under this section for funds but fails to either
 21 recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing
 22 plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism
 23 corporation in the region in which the city or consolidated city-county is located.

24 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
 25 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit
 26 tourism corporation may be used by the department of commerce for tourism promotion and promotion
 27 of the state as a location for the production of motion pictures and television commercials. (Terminates
 28 July 1, 2001--sec. 23(3), Ch. 469, L. 1997.)

29 **15-65-121. (Effective July 1, 2001) Distribution of tax proceeds.** (1) The proceeds of the tax
 30 imposed by 15-65-111 must, in accordance with the provisions of 15-1-501, be deposited in an account

1 in the state special revenue fund to the credit of the department. The department may spend from that
 2 account in accordance with an expenditure appropriation by the legislature based on an estimate of the
 3 costs of collecting and disbursing the proceeds of the tax. Before allocating the balance of the tax
 4 proceeds in accordance with the provisions of 15-1-501 and as provided in subsections (1)(a) through
 5 ~~(1)(e)~~ (1)(m) of this section, the department shall determine the expenditures by state agencies for in-state
 6 lodging for each reporting period and deduct ~~4%~~ 5% of that amount from the tax proceeds received each
 7 reporting period. The amount deducted must be deposited in the fund or funds from which in-state lodging
 8 expenditures were paid by state agencies. The balance of the tax proceeds received each reporting period
 9 and not deducted pursuant to the expenditure appropriation or deposited in the fund or funds from which
 10 in-state lodging expenditures were paid by state agencies is statutorily appropriated, as provided in
 11 17-7-502, and must be transferred to an account in the state special revenue fund to the credit of the
 12 ~~department of commerce for tourism promotion and promotion of the state as a location for the production~~
 13 ~~of motion pictures and television commercials, to the Montana historical society, to the university system,~~
 14 ~~and to the department of fish, wildlife, and parks, appropriate departments and programs~~ as follows:

15 (a) ~~4%~~ 0.8% to the Montana historical society to be used for the installation or maintenance of
 16 roadside historical signs and historic sites;

17 (b) ~~2.5%~~ 2% to the university system for the establishment and maintenance of a Montana travel
 18 research program;

19 (c) ~~6.5%~~ 5.2% to the department of fish, wildlife, and parks for the maintenance of facilities in
 20 state parks that have both resident and nonresident use;

21 (d) ~~67.5%~~ 54% to be used directly by the department of commerce for tourism promotion and
 22 development and promotion of the state as a location for the production of motion pictures and television
 23 commercials; and

24 (e) 3.6% to the Montana heritage preservation and development account established in
 25 22-3-1004;

26 (f) 0.8% for maintenance and upkeep of the Moss mansion, Daly mansion, and original governor's
 27 mansion;

28 (g) (i) until December 31, 2007:

29 (A) 1.4% to the Lewis and Clark bicentennial account established in 2-15-150(4) for the
 30 operations of the commission;

1 (B) 3.2% to the Lewis and Clark bicentennial account established in 2-15-150(4) for community
 2 grants;

3 (ii) after December 31, 2007, 4.6% to be distributed proportionately to the agencies or programs
 4 specified in subsections (1)(e) through (1)(l);

5 (h) 1% to the department of fish, wildlife, and parks for maintenance and development of state
 6 historical sites designated under 23-1-102;

7 (i) 1.4% to the Montana historical society for general operations;

8 (j) 0.8% to the Montana historical society for professional consultation and community assistance;

9 (k) 2.2% to the department of commerce for the main street program and tourism advisory council
 10 planning;

11 (l) 5.6% to the community heritage grant program account for community heritage grants as
 12 provided in [LC 169]; and

13 ~~(e)(m)~~ (i) except as provided in subsection ~~(1)(e)(ii)~~ (1)(m)(ii), ~~22.5%~~ 18% to be distributed by the
 14 department to regional nonprofit tourism corporations in the ratio of the proceeds collected in each tourism
 15 region to the total proceeds collected statewide; and

16 (ii) if ~~22.5%~~ 18% of the proceeds collected annually within the limits of a city or consolidated
 17 city-county exceeds ~~\$35,000~~ \$43,750, 50% of the amount available for distribution to the regional
 18 nonprofit tourism corporation in the region where the city or consolidated city-county is located, to be
 19 distributed to the nonprofit convention and visitors bureau in that city or consolidated city-county.

20 (2) If a city or consolidated city-county qualifies under this section for funds but fails to either
 21 recognize a nonprofit convention and visitors bureau or submit and gain approval for an annual marketing
 22 plan as required in 15-65-122, then those funds must be allocated to the regional nonprofit tourism
 23 corporation in the region in which the city or consolidated city-county is located.

24 (3) If a regional nonprofit tourism corporation fails to submit and gain approval for an annual
 25 marketing plan as required in 15-65-122, then those funds otherwise allocated to the regional nonprofit
 26 tourism corporation may be used by the department of commerce for tourism promotion and promotion
 27 of the state as a location for the production of motion pictures and television commercials."

28

29 NEW SECTION. Section 3. Credit for lodging facility use tax. (1) A taxpayer is allowed a credit
 30 against the taxes imposed by 15-30-103 or 15-31-101 in an amount equal to 20% of the amount of

1 lodging facility and use tax paid by the taxpayer under 15-61-111. A taxpayer claiming a credit under this
2 section may not claim as a deduction more than 80% of the amount of lodging facility use tax paid by the
3 taxpayer. The credit under this section may not exceed the taxpayer's income tax liability.

4 (2) There is no carryback or carryforward of the credit permitted under this section and the credit
5 must be applied to the tax year in which the lodging facility and use tax was paid.

6

7 **NEW SECTION. Section 4. Credit for lodging facility use tax.** (1) Payment of the lodging facility
8 use tax qualifies for the credit in [section 3]. The determination of the amount of the credit and
9 administration of the credit must be as provided in [section 3].

10 (2) For a small business corporation or a partnership, the credit must be attributed to shareholders
11 and partners using the same proportion used to report the corporation's or partnership's income or loss
12 for Montana tax purposes.

13

14 **NEW SECTION. Section 5. Main street program -- establishment -- purpose -- rulemaking.** (1)
15 There is a main street program in the department of commerce developed in conjunction with the main
16 street program of the national trust for historic preservation.

17 (2) The purpose of the program is to:

18 (a) assist communities in restoring and retaining the historic character of their downtown areas
19 and historic districts;

20 (b) stimulate business investment, assist in retaining existing small businesses, and promote new
21 businesses in those areas;

22 (c) strengthen the local tax base;

23 (d) create employment opportunities in community downtown areas and historic districts; and

24 (e) generally enhance the economic viability of downtown areas and historic districts.

25 (3) (a) The department of commerce shall adopt rules governing the operation of the main street
26 program.

27 (b) In developing the rules, the department of commerce shall consult with the national trust for
28 historic preservation, provided for in 16 U.S.C. 468, to ensure that Montana's main street program is
29 consistent with the main street program operated by the national trust for historic preservation.

30

1 NEW SECTION. **Section 6. Codification instruction.** (1) [Section 3] is intended to be codified as
2 an integral part of Title 15, chapter 30, and the provisions of Title 15, chapter 30, apply to [section 3].

3 (2) [Section 4] is intended to be codified as an integral part of Title 15, chapter 31, and the
4 provisions of Title 15, chapter 31, apply to [section 4].

5 (3) [Section 5] is intended to be codified as an integral part of Title 2, chapter 15, part 18, and
6 the provisions of Title 2, chapter 15, part 18, apply to [section 5].

7

8 NEW SECTION. **Section 7. Effective date.** [This act] is effective January 1, 2002.

9

10 NEW SECTION. **Section 8. Applicability.** (1) [Sections 1 and 2] apply to accommodation charges
11 made after December 31, 2001.

12 (2) [Sections 3 and 4] apply to tax years beginning after December 31, 2001.

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- END -